

**MONTANA ASSOCIATION OF PLANNERS
2013 Legislative Session**

HOUSE BILL NO. 443. INTRODUCED BY R. COOK
A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR TERMINATION OF
TAX INCREMENT FINANCING AND THE AUTHORIZATION OF SUBSEQUENT
TAX INCREMENT FINANCING FOR NEW PROJECTS; REVISING TAX INCREMENT
FINANCING DEFINITIONS; REQUIRING BONDS TO MATURE BY THE 15TH
ANNIVERSARY OF A TAX INCREMENT PROVISION; PROVIDING RULEMAKING
AUTHORITY; AMENDING SECTIONS 7-15-4283, 7-15-4284, 7-15-4285, 7-15-4292, 7-15-
4293, 7-15-4294, 7-15-4295, 7-15-4296, 7-15-4299, AND 7-15-4324, MCA; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

Testimony in Opposition to HB 443.

This bill would limit the term of bond financing in a Tax Increment Financing District (TIF) to the 15th anniversary of its creation. It has a number of other provisions including the ability to spend remaining TIF funds on "new projects" when the district terminates rather than returning the funds to the affected taxing jurisdictions. Also the bill calls for the inclusion of the administrative rules regarding certification as part of the law.

This bill is particularly troubling in that by limiting the term of a bond issue, it effectively eliminates the use of bonds in TIF districts, particularly for smaller communities. Many times districts don't even "take off" for several years after their creation and are only able to bond in their 10th or later year of existence. There are currently at least TIF six districts being formed in the state as communities struggle to pay for critical infrastructure to support economic development, as federal grant dollars become more scarce.

Cities and counties around and across Montana cannot afford to lose one of the most effective economic development programs that our state has in its "tool box." The provisions of HB 443 will severely limit the ability of communities to utilize TIF financing for its intended purposes: elimination of blight, economic development, business recruitment, community revitalization.

Other concerns of the Planners include the language in HB 443 regarding 'New Projects,' and the grant of administrative rulemaking authority to the Department of Revenue. The MAP wonders about the workability of the former; necessity of the latter.

Summary of Tax Increment Financing Districts in Montana, 2012

*41 Active Districts in 2012

*Base Taxable Value of all Districts: \$49,962,179

* Incremental Taxable Value of all Districts: \$46,791,961 (representing \$1,559,732,033 in actual investment)

* Total Taxable Value of all property in the state of Montana (2011 fiscal year) \$2,296,258,803

*(The incremental taxable value state-wide constitutes 2% of the state's total taxable value)

* Total incremental taxable value of Sunsetting Districts to date: \$13,696,481 (now part of the state's base)

Source. Montana Department of Commerce.